
FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 208-0680

FOR IMMEDIATE RELEASE

July 26, 2000
Docket Nos. EC00-27-000 and
EC00-28, et al.,
EC00-75-000 and EC00-73-000

COMMISSION GIVES GO AHEAD TO THREE UTILITY MERGERS

The Federal Energy Regulatory Commission today acted on three mergers in Texas, the Midwest and Mid-Atlantic areas bringing to nine the number of mergers acted on by the Commission since June 1 this year.

The Commission approved two mergers—NiSource, Inc.'s combination with Columbia Energy Group (EC00-75-000) and El Paso Energy Corporation merger with The Coastal Corporation (EC00-73-000). It conditionally approved Utilicorp United Inc.'s combination with St. Joseph Light & Power Company and Empire District Electric Company (EC00-27-000 and EC00-28-000).

Based on the companies' commitments, the Commission found that the NiSource/Columbia merger and the El Paso/Coastal combination would meet the public interest standard of the Federal Power Act. Under its 1996 Merger Guidelines, the Commission focuses its review on three key issues—the effect of the merger on competition, rates and regulation.

In both cases, the Commission determined that the mergers would not harm competition, including gas supplies for electric generation.

Chairman James J. Hoecker said: "Corporate consolidation and convergence continue to be among the strongest forces changing the electricity industry. I am pleased that, in ensuring that competition and other public interests are not adversely affected, the Commission has been able to act promptly in these cases."

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Headquartered in Merriville, Indiana, NiSource Inc. is the parent of Indiana's largest utility, Northern Indiana Public Service Company (NIPSCO), which provides gas and electric service to about 660,000 customers in that state. NiSource states that NIPSCO is actively involved in the regional transmission organization (RTO) process and will comply with the Commission's RTO policy. NiSource also has over 300,000 gas customers in Maine, New Hampshire and Massachusetts. Columbia Energy Group, based in Herndon, Virginia serves about two million gas customers in Ohio, Pennsylvania, Kentucky, Maryland, Virginia and Washington, DC.

The approximately \$16 billion El Paso/Coastal transaction will lead to a combined company with 58,000 miles of pipeline extending from the west coast through the southeast, New England and the Midwest. Both El Paso and Coastal are based in Houston, Texas and have electric power marketing subsidiaries.

The Commission conditionally approved the Utilicorp/ St. Joseph/ Empire District merger, directing the companies to submit a revised competitive analysis six months before they begin integrating their electrical operations. The Commission will review the revised analysis to determine if the utilities' integrated systems will adversely affect competition in certain markets.

Utilicorp, based in Kansas City, Missouri has over three million electric and gas utility customers in eight states and overseas. Empire District, located in Joplin, Missouri supplies electric service to customers in parts of Missouri, Kansas, Oklahoma and Arkansas. St. Joseph serves approximately 62,000 customers in northwest Missouri.